



Purpose: For Decision

Committee report

Committee	CABINET
Date	TUESDAY, 10 SEPTEMBER 2013
Title	SALE OF FORMER AVENUES DAY CENTRE, FRESHWATER
Report to	CABINET MEMBER FOR RESOURCES

EXECUTIVE SUMMARY

1. This report seeks Members approval for the acceptance of an offer in the sum of £32,000, in respect of the sale of the freehold interest in the former Avenues Day Centre, Freshwater to Freshwater Parish Council.

BACKGROUND

2. The Avenues site is a former council day centre situated in the heart of Freshwater accessed primarily across the adjoining Isle of Wight Council owned Avenue Road public car park, but with a secondary narrow overgrown pathway leading to Avenue Road. The site (shown hatched green on the attached plan) includes an old mobile classroom style office building, currently in a poor state of repair, plus a decked area with some gravel parking.
3. The day centre became vacant in March 2012 and in May 2012 valuation and marketing advice was sought from the five agents on the council's commercial agency framework. The successful agent commenced marketing in late June at an advertised asking price of offers in the region of £30,000.
4. Marketing yielded considerable interest and an offer of £23,000 was received; followed shortly by an offer of £35,000. In view of this strong interest it was considered that the most effective way to deliver the highest price was to advertise for best and final offers.
5. A deadline of 17 August 2012 was set for best and final offers. As a result of this process two offers were received of £20,663 and £38,700 respectively.
6. The highest offer was accepted but in early 2013, the purchaser withdrew due to personal circumstances, and the property was re-marketed, resulting a several further expressions of interest, with the highest being an unconditional offer of £32,000 from Freshwater Parish Council. As the proposed use is for office purposes, the Parish

Council is happy to enter into an overage clause in the event that the property is redeveloped for residential purposes within 20 years of the sale.

7. In light of the original marketing advice, the more limited level of interest, the offers received, and difficult market conditions, the offer of £32,000 is being recommended for acceptance.

STRATEGIC CONTEXT

8. The disposal of the site was identified in the council's Strategic Asset Management Plan, approved in 2011. The reinvestment of the capital receipt will enable the council to meet its on-going budget commitments and emerging priorities as set out in the Framework for Change document which the council has agreed should be used as the basis for developing the council's approach to its corporate plan.

CONSULTATION

9. The Parish Council as the proposed purchaser of the property has not expressed any objections to this report.

FINANCIAL / BUDGET IMPLICATIONS

10. The council is currently liable for all outgoings in respect of the vacant site such as business rates and insurance plus any ongoing maintenance liabilities. It is therefore in the council's best interest to dispose of the property as soon as possible. Any revenue budget savings arising from the disposal of this site will contribute to the council's savings target for accommodation costs
11. If the recommendation made within this report is adopted the council will benefit from a capital receipt of the sum of £32,000.
12. An overage clause will be inserted into the sale contract to ensure that the council will benefit from receiving 50 percent of any potential uplift in value should a residential planning consent be granted for the site within the next 20 years.

LEGAL IMPLICATIONS

13. The council currently holds the site on a freehold basis.
14. If the site is sold, then once a sale has been completed, the council will have no further interest in, or liabilities with regard to, the property save that there may be an overage payment in the event that the purchaser obtains residential planning consent.
15. Section 123 of the Local Government Act 1972 allows the council to dispose of land for 'best consideration'. Best consideration is not limited to the highest achievable price, but can also include the value of other economic or social benefits particularly where these further the council's corporate objectives.

EQUALITY AND DIVERSITY

16. The council, as a public body, is subject to general and specific duties under equality and diversity legislation and as such has a duty to impact assess its services, policies/strategies, and decisions with regards to diversity legislation and the nine

protected characteristics (race, gender reassignment, disability, age, sex and sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership).

OPTIONS

17. Options have been considered in respect of this property as follows:
- a. To sell the property as detailed in the report and accept the offer of £32,000.
 - b. To continue to market the property for a longer period in the hope of achieving a higher capital receipt.
 - c. To retain ownership of the property, carry out necessary repairs and use the building as accommodation for another council department.
 - d. To retain ownership of the property, carry out necessary repairs and improvements, and let to a private occupier

RISK MANAGEMENT

18. Option (a) represents limited risk to the council as it follows a robust marketing route that has included research into the funding method/ability of the proposed purchaser.
19. Option (b) would be much more risky as the existing applicant may withdraw. Also, due to the level of exposure to the market, it is unlikely that a better offer may be received. Indeed the major risk of this course of action would be that a lower offer ultimately has to be agreed, particularly in light of the uncertainty which currently surrounds the property market, which is precisely what has happened since the original marketing.
20. Option (c) would not be appropriate as the property has been declared surplus to operational requirements, and the council has no need of a property of this nature.
21. Under option (d), if the council opted to pursue this route it would entail a significant capital investment into the property, continued property management and officer time to ensure rent collection, payment of insurance, service charges etc., the cost of which is not commensurate with the level of income likely to be achieved.

EVALUATION

22. Under option (c) the property has been declared surplus to operational requirements. and has no identified use for it. If it were not proceed with a disposal it would continue to incur unnecessary costs in the maintenance and management of the liabilities associated with the disused site for which there is no current budget provision.
23. If option (d) were pursued the rental from a commercial tenant is likely to continue to be limited due to the nature of the site and the poor condition of the current building, this is not therefore considered economically viable.
24. The availability of the property has been marketed widely; however, this marketing has coincided with continued uncertainty in the property markets. Whilst several applicants have viewed the property, it is considered unlikely that any better offer will be received, so option (b) is not recommended.

25. Whilst this decision is taken upon the level of offer received on an unconditional basis, and the identity of the purchaser has no influence on this decision, the fact that the property is being sold to a community user is seen as a positive factor.

RECOMMENDATION

26. On the basis of the information contained in this report it is recommended that the council adopts option (a):

To sell the property as detailed in the report and accept the offer of £32,000.

APPENDICES ATTACHED

27. [APPENDIX](#) - Site Plan for Avenue Road

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